

# Audit's<sup>®</sup> NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

# Realty Trust Review

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## INVESTMENT OUTLOOK AND STATISTICAL ISSUE

Two red, red robins: Insiders and institutions begin buying the REITs.....	1
Table: Institutional holdings of 53 REITs.....	7
Investment outlook: Prices edge down as prime rate moves up.....	8
REITs & banks: First Wisconsin offers new shares to banks in 10-yr. workout..	8
Graph of Audit Investment Index.....	2
Computerized Comparative Trust Group averages.....	3
Dividend trends: Stability marked June; Virginia resumes quarterly.....	3
Comparative Trust Statistics for 131 realty trust shares.....	4&5
Statistics for 23 warrants and 43 convertibles.....	6
Statistics for 35 straight bond issues of trusts.....	3
How to use Comparative Trust Statistics.....	6

## TWO RED, RED ROBINS: INSIDERS AND INSTITUTIONS BEGIN BUYING THE REITS

Insiders and institutions are starting to accumulate REIT shares, two sure signs that professional money is betting that spring has arrived for the troubled REITs. We hesitate to call this "smart" money because the past investment record of both groups is not without blemish, as pointed out below. But the two moves are encouraging to private and other individual investors.

Insiders have picked up major blocks in three trusts in recent weeks, using personal funds to buy shares. Option plans giving managers a large stake in REIT share recoveries are also coming into prominence more frequently. Shares of the three trusts accumulated recently by insiders are all in the \$1-\$2 range, so no great sums of insider money are involved. But nobody was twisting the arms of the REIT insiders involved, and no options had to be protected. So the three purchases are quite significant. They are:

Cameron-Brown Investment Group trustee John Bowles acquired 20,000 shares in May, when CB shares traded in the  $1\frac{1}{2}$ -1-7/8 range. Bowles had formerly owned only 2,000 shares. He is now a Los Angeles marketing consultant and was president of Rexall Drug Co. from 1953 to 1966.

Diversified Mortgage Investors Managing Trustee Bernie O. Snoddy bought 10,000 DMG shares during April bringing total holdings to 11,000 shares. They were bought

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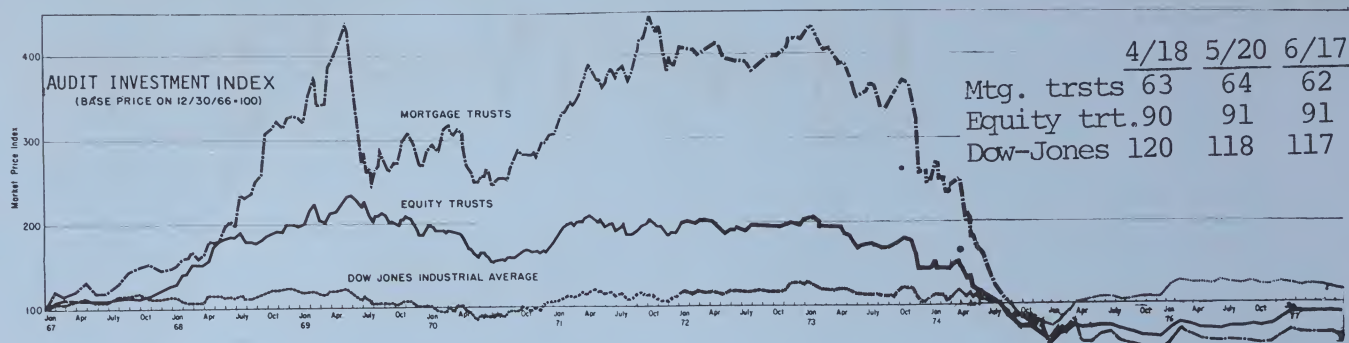
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GROUP RATES ON REQUEST



in the open market when shares traded in a  $1-1/8-1\frac{1}{4}$  range. Snoddy and two other DMG officers, senior vice presidents Fred A. Skaggs and Howard L. Imme, participate in a so-called phantom share plan under which the trust will make cash incentive payments based on improvement in the share price between Dec. 30, 1976 and Dec. 31, 1980. Under the plan Snoddy is assumed to have purchased 60,000 DMG shares and the other two 30,000 shares each, at \$0.9041/share (vs. a  $1\frac{1}{2}$  closing price on Dec. 30, 1976). Cash payments are limited to \$500,000 for Snoddy, \$250,000 each for the other two.

Institutional Investors Trust Chairman Anthony H. Harwood bought 25,000 shares in the open market during April, when shares traded at  $1\frac{1}{4}$  to  $1-5/8$ , bringing his holdings to 28,564 shares. Harwood told us he bought the shares because he felt the remaining equity value was there (book value is \$5.49/sh.) even though losses are expected for a few more quarters. At the same time Howard A. Gellis, who took over as IIT president last October, bought 50,000 shares in a private purchase, boosting his holdings to 50,200.

Harwood has an option to buy an additional 50,000 shares held by Donaldson, Lufkin & Jenrette, Inc., the securities brokerage and an initial trust sponsor; DLJ acquired the shares in 1975 and 1977 from institutional investors. Option price isn't made public. Gellis has been given a non-qualified stock-option plan by the trust to buy 100,000 shares at \$1.25 sh. in three increments exercisable at any time after Oct. 15 of 1976, 1977, and 1978. The trust also agreed to lend him up to \$25,000 each year during his five-year employment contract to buy shares other than the optioned shares; \$50,000 has now been borrowed as trustees waived the first year limitation. This loan was used to fund the April purchase.

What all this means is that insiders are moving to position themselves for a recovery in share prices of reasonably sound trusts, and that some trustees are using this potential as an incentive to their key managers. All this may in time end the glaring lack of insider holdings that has marked the rise and fall of REITs. Most REITs have been prime examples of what real estate men call O.P.M.--the use of Other People's Money.

But the investment record of insiders is not infallible. Numerous studies have shown that insiders often do not fare any better or worse than other investors, although some say that when several members of a management group begin buying, then something clearly is afoot for the future. REIT managers have mostly been poor prophets of their share prices because of inability to control outside events, especially interest rates, which can be crucial for highly leveraged construction lenders. For instance, BT Mortgage Inv. trustees bought 11,000 shares at \$24.90/sh. in June 1973 when price fell from  $34\frac{1}{2}$  and a major block was offered. When share prices continued falling, trustees bought another 50,000 sh. block at \$11 in 1974. These shares

(Continued on p. 7)



## DIVIDEND TRENDS: STABILITY MARKED JUNE DECLARATIONS; VIRGINIA RESUMES QUARTERLY

Few changes took place among June declarations but they were modestly positive and no cuts were made from the previous quarter. The biggest news was Virginia REIT's resumption of quarterly payout with a 10¢ declaration. It began paying again in February with a 10¢ special. There were two boosts of 1¢ each. MassMutual Mortgage raised its dividend for the third consecutive quarter and United Realty Trust increased again this year. Both slightly reduced nonearning assets and improved return from low-earning properties. While slow, the progress exemplifies the real estate recovery accruing to viable properties and their holders. Both are long-term trusts.

	Up	Same	Down	Total	%Change
June	3	12	0	15	+ 1%
Year	14	63	5	82	--
-----From previous year-----					
June	6	8	1	15	+ 5%
Year	36	39	7	82	--

Trust	Record date	--Dividend/share-- Latest	Previous	--Net change-- Amt.	Percent	Year Ago	% Change
Consolidated Cap RI	6/17	\$0.1684M	\$0.1684	--	NC	\$0.1667	+1%
Cont'l. Ill. Prop.	7/5	0.32	0.32	--	NC	0.32	NC
First Cont'l. REIT	6/30	0.22	0.22	--	NC	0.18	+22
First Union REIT	7/15	0.25	0.25	--	NC	0.24	+4
Florida Gulf Realty	6/27	0.32	0.32	--	NC	0.32	NC
Fraser Mortgage In.	7/1	0.25	0.25	--	NC	0.25	NC
General Growth Pro.	7/1	0.35	0.35	--	NC	0.33	+6
M&T Mortgage Inv.	6/21	0.26	0.26	--	NC	0.26	NC
MassMutual Mtg.	6/20	0.30	0.29	+\$ .01	+3%	0.28	+7
MONY Mortgage Inv.	6/30	0.23	0.23	--	NC	0.23	NC
Mortgage Growth In.	7/1	0.12	0.12	--	NC	0.12	NC
New Plan Realty	6/15	0.08M	0.08	--	NC	0.075	+7
Pennsylvania REIT	8/1	0.575S	0.575	--	NC	0.575	NC
Realty & Mtg. Pacif.	6/30	0.28	0.28	--	NC	0.30	-7
United Realty Trust	7/15	0.19	0.18	+.01	+6	0.15	+27
Vagabond Inv. Prop.	6/10	0.50	0.50	--	NC	0.50	NC
Vagabond RE Equities	7/1	0.46	0.46	--	NC	0.46	NC
Virginia REIT	6/10	0.10	a	+.10	+1%	0.00	+
TOTALS (15 Trusts)b		\$4.15	\$4.03	\$.12		\$3.94	+5%

a- Previously paid 10¢ in February, 1977. b- Excludes monthly and semiannual dividends. NC- No change. M- Monthly. S- Semiannual.

## COMPARATIVE TRUST GROUP AVERAGES 06/20/77

GROUP	N	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
EQUITY TRUSTS	20	2063	11.77	0.83	0.94	11.31	1.0	7.4	11.9	7.3	-3.8	8.0	586.8
EQUITY AND MORTGAGE COMBIN	23	1764	9.69	0.37	0.40	6.41	1.7	15.0	15.9	5.8	-33.8	4.1	258.1
SUBORDINATED LAND TRUSTS	3	2689	11.75	0.40	0.58	6.29	-4.0	-14.6	10.7	6.4	-46.3	5.0	46.0
AVERAGE 3 EQUITY GROUPS	46	1955	10.73	0.57	0.65	8.53	1.0	8.7	13.1	6.7	-20.5	6.0	890.9
SHORT-TERM MTG-INDEPENDENT	18	3721	-0.30	0.00	0.42	1.06	3.3	-6.3	2.5	0.0	-440.2	-135.5	44.6
SHORT-TERM MTG-MTG BANKER	16	2017	8.83	0.32	0.59	4.59	-1.7	-4.5	7.7	7.0	-48.0	6.7	163.2
SHORT-TERM MTG-COMCL BANK	16	2214	1.56	0.00	0.18	1.92	-5.5	-3.3	10.8	0.0	23.3	11.3	61.9
SHORT-TERM-MISC FINCL	8	2380	5.04	0.02	0.02	2.59	2.9	-8.1	142.8	0.6	-48.5	0.3	39.7
AVERAGE 4 SHORT-TERM GROUPS	58	2651	3.47	0.09	0.34	2.48	-1.4	-5.1	7.2	3.7	-28.4	9.9	309.4
INTERMEDIATE-TERM MORTGAGES	6	3388	5.90	0.40	0.95	4.24	-0.7	0.2	4.4	9.4	-28.0	16.1	51.8
LONG-TERM MTG & EQUITIES	21	3028	11.69	0.52	0.55	7.29	-1.7	1.7	13.2	7.2	-37.5	4.7	622.6
AVERAGE LONG & INTERMEDIATE	27	3108	10.40	0.49	0.64	6.62	-1.6	1.4	10.2	7.5	-36.4	6.2	674.4
OVERALL AVERAGE	131	2501	7.44	0.34	0.51	5.50	-0.1	-0.7	10.7	6.3	-26.7	6.9	1874.7
DOW-JONES INDUSTRIAL AVERAGE					95.51	924.27	+0.8	-0.8	-8.0	9.7			

\*Latest quarter annualized

## STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Atico Mtg.-c#	NY	6.75%	'82	\$16.9	\$59.00	+ 1%	11%
BT Mtg. Inv.-c	OC	5.75	'82	20.0	56.00	+ 2	10
Barnett Mtg.-c	OC	6.75	'91	17.3	21.00	+ 11	32
Barnett Mtg.-cd	OC	8.50	'98	30.0	22.00	- 21	39
Barnett-Win.-ce	OC	8.25	'98	30.0	37.00	0	22
Bay Colony Prop-c	NY	8.50	'81	23.0	62.50	+ 2	14
Chase Man. Tr.-a	NY	7.88	'78	50.0	92.00	+ 5	9
Chase Man. Tr.-c	NY	7.50	'83	60.0	64.75	+ 27	12
Cit.&So. Rlty.-c#	OC	6.75	'78	30.0	29.00	- 3	23
Cit. Mtg. Inv.-b	OC	8.50	'80	20.0	20.00	- 6	28
Colwell Mtg.-b	OC	8.20	'80	25.0	27.50	- 2	30
Cont. Ill. Rl.-b	NY	7.63	'79	25.0	82.00	+ 1	9
Cousins M&E-c	NY	6.50	'82	30.0	38.00	- 1	17
First Mtg.-a	OC	6.75	'82	12.6	30.00	+ 7	23
First Mtg.-a	OC	8.25	'77	23.5	52.00	0	16
First Newport-b	OC	8.75	'79	7.0	43.00	0	20
First Virg.-b	OC	8-12f	'80	10.0	42.00	+ 24	19
Great Amer.Mgmt.-h	OC	7.55	'79	25.0	10.00	- 9	VJ
Great Amer.Mgmt.-c	OC	8.75	'83	25.0	10.00	- 9	VJ
Guardian Mtg.-b	OC	7.50	'79	25.0	22.00	+ 10	34
Guardian Mtg.-c#	OC	6.75	'86	8.6	16.00	- 16	42
Gulf Mtg.&Rl.-c#	AS	7.70	'80	20.0	77.75	+ 2	10
IDS Realty-h	OC	--	--	179.8	26.00	0	NC

## STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Instl. Inv.-b	NY	7.88	'80	\$20.0	\$70.00	+ 3%	11%
Justice Mtg.-b	OC	7.75	'79	9.6	31.00	- 6	25
LMI Investors-c	OC	6.75	'82	10.0	40.00	0	17
Midland Mtg.-b	NY	8.00	'80	18.5	60.50	- 1	13
Mtg. Inv. Wash.-b	OC	8.50g	'80	15.0	50.00	0	17
NJB Prime Inv.-c#	OC	7.00	'80	12.9	23.00	- 12	30
Nationwide RE-c	OC	7.00	'91	6.5	65.00	0	11
No.Amer. Mtg.-c	NY	5.50	'79	27.8	83.00	- 1	7
Saul (B.F.)-c	NY	8.50	'80	25.0	85.25	- 1	10
State Mtg. Inv.-b	NYx	9.00	'80	25.0	60.00	- 3	15
Security Mtg.-#	AS	7.25	'82	50.0	78.50	- 1	9
Security Mtg.-c#	OC	6.00	'82	17.1	63.00	0	10
Tri-South Mtg.-b	NY	7.75	'80	25.0	45.00	- 8	17

Description: a-Senior; b-Senior subordinate; c-Subordinate or junior subordinate. d-Convertible at \$39 till 9/1/78 when price may be adjusted. e-Convertible at \$31 till 12/1/78 when price will be adjusted. f-Variable at 1% over monthly prime. g-Variable rate at 1% over prime in Oct. and April. h-Five series, A-E: 6-7/8, 7-1/8, 7-3/8, two variable; 1987-94. VJ-Bankruptcy reorganization. x-Suspended by exchange.

#-May be used at par to exercise warrants.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET ON BK	MKT VA (MIL\$)
<b>EQUITY TRUSTS</b>													
API TRUST #	O-APITS	1012	11.94	0.40	DEC	0.32	5.00	5.3	33.3	15.6	8.0	-58.0	2.7 5.1
C I REALTY #	N-CIX	2609	16.97	0.00	FEB	0.63	5.88	-12.8	27.0	9.3	0.0	-65.3	3.7 15.3
CITIZENS GR*	O-CITGS	811	8.01	0.00	OCT	0.00	0.75	0.0	-39.9	0.0	0.0	-90.5	0.0 0.6
CON ILL PRO#	N-CIE	4808	20.96	1.28	JAN	1.28	16.75	8.1	1.5	13.0	7.6	-20.0	6.1 80.5
CONSOL CAP R	O-CCPLS	1989	20.55	2.02	NOV	1.28	25.00X	0.7	2.0	19.5	8.1	21.7	6.2 49.7
DENVER REI #	O-DENV	1091	8.39	0.60	DEC	0.68	8.63	0.0	27.9	12.6	7.0	2.9	8.1 9.4
FEDERAL RLTY	A-FRT	1357	9.66	1.24	MAR	1.20	14.13X	3.1	7.6	11.7	8.8	46.3	12.4 19.2
FIRST UNION#	N-FUR	4011	8.48	1.00	APR	1.40	12.25	-1.0	1.0	8.7	8.2	44.5	16.5 49.1
FLORIDA GLF#	O-FGLFS	975	15.49	1.28	APR	1.40	13.00	-3.6	15.6	9.2	9.8	-16.0	9.0 12.7
FST FIDELITY	O-FFITS	866	10.57	0.14	NOV	0.24	4.38X	7.7	46.0	18.2	3.2	-58.5	2.3 3.8
GENERAL GRO#	N-GPP	6202	6.40	1.40	MAR	1.49	25.38	4.1	14.1	17.0	5.5	296.6	23.3 157.4
GOULD INVST#	A-CTR	1175	6.50	0.50	MAR	0.58	7.00X	5.6	107.1	12.0	7.1	7.7	8.9 8.2
GREIT RLTY #	A-GRT	998	10.98	0.40	JAN	1.00	5.88	-12.8	-5.8	5.8	6.8	-46.3	9.1 5.9
HUBBARD REI	N-HRE	4004	21.98	1.20	APR	1.40	16.75X	4.9	6.3	11.9	7.2	-23.7	6.4 67.1
NEW PLAN RL	O-NPLNS	1690	2.56	0.96	JAN	1.24	10.00X	-3.9	11.1	8.0	9.6	290.6	48.4 16.9
PENN REIT #	A-PEI	1516	12.03	1.15	FEB	1.20	13.63	14.7	-2.5	11.3	8.4	13.3	10.0 20.7
REIT OF AMER	A-REI	1633	21.10	1.20	MAY	1.25	14.13	-3.3	-11.6	11.3	8.5	-32.9	5.9 23.1
SUMMIT PROP#	O-SMITS	1543	7.00	0.00	APR	0.00	2.50	-9.0	25.0	0.0	0.0	-64.2	0.0 3.9
WASH REIT #	A-WRE	1474	10.57	1.76	DEC	1.68	22.25X	-0.2	-6.2	13.2	7.9	110.5	15.9 32.8
WISC REI FD#	O-WREIS	1514	5.32	0.00	MAR	0.61	3.00	-14.2	100.0	4.9	0.0	-43.5	11.5 4.5
GROUP AVERAGE		2063	11.77	0.83		0.94	11.31	1.0	7.4	11.9	7.3	-3.8	8.0 586.8
<b>EQUITY AND MORTGAGE COMBINATION TRUSTS</b>													
AMER REALTY	A-ARB	2222	2.80	0.00	MAR	0.00	1.00	0.0	58.7	0.0	0.0	-64.2	0.0 2.2
BANKAM RLTY	O-BRLTS	3547	15.27	0.52	APR	0.42	10.63X	5.0	6.3	25.3	4.9	-30.3	2.8 37.7
BRT RLTY TR	A-BRT	1400	5.49	0.00	FEB	0.00	0.69	-21.5	-14.7	0.0	0.0	-87.3	0.0 1.0
FLATLEY RLT	O-FLTLS	1000	6.78	0.00	SEP	0.27	3.00	9.1	0.0	11.1	0.0	-55.7	4.0 3.0
FRANKLIN RLY	A-FR	999	7.44	0.00	MAR	0.00	4.25	-2.9	30.8	0.0	0.0	-42.8	0.0 4.2
HOTEL INVSTR	A-HOT	1545	17.59	1.20	FEB	1.12	13.25	3.4	4.9	11.8	9.1	-24.6	6.4 20.5
INDIANA M&R#	O-INDMS	1154	8.91	0.00	MAR	0.20	2.75	-12.0	10.0	13.7	0.0	-69.0	2.2 3.2
INVESTOR RL#	A-IRT	1579	10.55	0.00	FEB	0.63	7.75	6.9	72.2	12.3	0.0	-26.4	6.0 12.2
JMB REALTY #	O-JMBRS	510	18.62	1.60	FEB	2.04	14.50	3.6	7.4	7.1	11.0	-22.0	11.0 7.4
LINCOLN MTG*	O-LNMG	1155	1.71	0.00	DEC	0.00	0.63	-15.9	43.2	0.0	0.0	-63.1	0.0 0.7
MILLER HEN S	O-HSMTS	560	16.83	0.60	FEB	0.08	9.00	0.0	20.0	112.5	6.7	-46.4	0.5 5.0
NJB PRIME	O-NJB	1280	-5.12	0.00	FEB	0.00	0.31	-18.3	14.8	0.0	0.0	NEG.	0.0 0.4
PLAZA REALTY	O-PNE	1114	1.97	0.00	DEC	0.00	1.13	28.4	13.0	0.0	0.0	-42.5	0.0 1.3
PROP TRUST #	O-PTRAS	2506	7.49	0.20	MAR	0.12	4.38	-7.7	9.5	36.5	4.6	-41.4	1.6 11.0
RIVIERE RLY#	O-RIV16	783	8.80	1.00	DEC	1.35	8.63	-1.3	1.5	6.3	11.6	-1.8	15.3 6.8
RLTY INCOME	A-RIT	1565	12.70	1.40	JAN	0.00	11.50X	5.3	9.5	0.0	12.2	-9.3	0.0 18.0
SAN FRAN RE#	A-SFI	1348	20.36	0.60	MAR	1.24	11.88	-10.2	8.0	9.5	5.1	-41.6	6.1 16.0
SAUL (BF)REI	N-BFS	5845	6.34	0.00	DEC	0.00	3.63	3.7	-12.0	0.0	0.0	-42.6	0.0 21.2
US BANCORP #	A-UBT	840	16.24	0.00	FEB	0.00	8.88	1.5	11.0	0.0	0.0	-45.2	0.0 7.5
US REALTY #	N-UTY	3434	3.91	0.00	MAR	0.00	3.75	-9.1	42.6	0.0	0.0	-4.0	0.0 12.9
VIRGINIA RE#	O-VARES	1251	10.19	0.40	MAR	0.60	8.25X	7.7	26.9	13.7	4.8	-18.9	5.9 10.3
WALTER RLTY#	O-WALJS	1035	10.72	0.00	APR	0.00	5.00	33.3	53.8	0.0	0.0	-53.3	0.0 5.2
WELLS FAR MI	N-WFM	3911	17.35	1.00	MAR	1.16	12.63	4.1	31.2	10.8	7.9	-27.1	6.7 49.4
GROUP AVERAGE		1764	9.69	0.37		0.40	6.41	1.7	15.0	15.9	5.8	-33.8	4.1 258.1
<b>SUBORDINATED LAND TRUSTS</b>													
BAY COLONY P	N-BAY	2992	7.51	0.00	FEB	0.00	1.88	-31.5	-48.1	0.0	0.0	-74.9	0.0 5.6
ICM REALTY	A-ICM	3011	14.07	0.00	FEB	0.55	5.50	4.8	-15.3	10.0	0.0	-60.8	3.9 16.6
PROPERTY CAP	A-PCL	2065	13.67	1.20	APR	1.20	11.50X	-1.6	-4.1	9.5	10.4	-15.8	8.8 23.7
GROUP AVERAGE		2689	11.75	0.40		0.58	6.29	-4.0	-14.6	10.7	6.4	-46.3	5.0 46.0
<b>SHORT-TERM MTG-MTG BANKER</b>													
ATICO MTG IN	N-ACO	2706	6.58	0.00	APR	0.00	1.88	-5.9	-24.7	0.0	0.0	-71.3	0.0 5.1
BAIRD & WARNR	O-BAIDS	1043	16.64	0.96	APR	0.00	6.75	-12.8	0.0	0.0	14.2	-59.3	0.0 7.0
BARNES MTG	O-BARN	1910	12.64	0.00	MAR	0.00	2.25	0.0	5.6	0.0	0.0	-82.1	0.0 4.3
CENTRAL MTG	O-CMRTS	775	12.49	0.00	MAR	0.00	3.38	0.0	12.7	0.0	0.0	-72.8	0.0 2.6
COLWELL MTG	O-CLM	2030	-1.16	0.00	MAR	0.00	0.88	0.0	-53.1	0.0	0.0	NEG.	0.0 1.8
FIRST CONTNL	O-FCRES	2106	10.27	0.88	MAY	0.88	7.75X	6.3	-6.0	3.8	11.4	-24.4	8.6 16.3
FRASER MTG I	O-FRASS	1038	16.40	1.00	FEB	0.96	10.25	0.0	10.8	10.6	9.8	-37.4	5.9 10.6
HEITMAN MTG	A-HTM	3292	3.20	0.00	MAR	0.00	1.13	-9.5	-35.3	0.0	0.0	-64.6	0.0 3.7
JUSTICE MTG	O-JMI	1184	-0.83	0.00	MAR	2.58	0.50	-67.8	-78.9	0.1	0.0	NEG.	-310.7 0.6
KMC MTG IN	O-KMTGS	1100	2.22	0.00	NOV	0.00	0.88	0.0	-22.0	0.0	0.0	-60.3	0.0 1.0
LOMAS & NTLN	N-LOM	3700	27.63	1.16	MAR	0.00	16.25	-1.4	8.3	0.0	7.1	-41.1	0.0 60.1
M&T MTG INV	O-MTMIS	1482	10.25	1.04	MAY	1.08	9.50X	2.7	4.1	8.8	10.9	-7.2	10.5 14.1
MIDLAND MTG	N-MMT	2382	1.30	0.00	MAR	0.00	1.13	0.0	-24.6	0.0	0.0	-13.0	0.0 2.7
NO AMER MTG	N-NAM	4403	11.08	0.00	MAR	0.00	3.63	-3.1	-25.5	0.0	0.0	-67.1	0.0 16.0
SUTRO MTG IN	N-SUT	2322	15.05	0.10	MAR	0.00	7.00	7.7	-1.7	0.0	1.4	-53.4	0.0 16.3
TMC MTG INV	O-TMG	800	-2.45	0.00	DEC	3.92	0.25	31.6	0.0	0.0	0.0	NEG.	-159.9 0.2
GROUP AVERAGE		2017	8.83	0.32		0.59	4.59	-1.7	-4.5	7.7	7.0	-48.0	6.7 163.2

#NET CASH FLOW, SEE PAGE 6. \*GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION.  
 ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR  
 QUARTER SHOWN. EXTRAORDINARY GAINS NOT ANNUALIZED.  
 MERGER: OLD STONE MORTGAGE MERGED INTO OLD STONE CORP.



	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET ON BK	MKT VA (MIL\$)		
SHORT-TERM MTG-INDEPENDENT															
	BUILDERS INV	O-BULDS	2929	1.20	0.00	DEC	6.10	0.88	8.6	131.6	0.1	0.0	-26.6	508.3	2.6
	CAPITAL MI	N-CMU	1675	0.02	0.00	MAR	0.00	0.88	-6.3	-29.5	0.0	0.0	4300.0	0.0	1.5
VJ	CONTNTL MTG	O-CMI	20838	-3.47	0.00	DEC	0.92 ↑	0.07	-64.9	133.3	0.0	0.0	NEG.	-26.4	1.5
	DOMINION MTG	O-DMRTS	639	-7.40	0.00	FEB	0.00	0.31	-37.9	138.5	0.0	0.0	NEG.	0.0	0.2
VJ	FIDELITY MI	O-FID	3046	-18.59	0.00	JAN	0.12	0.31	-18.3	72.2	2.5	0.0	NEG.	-0.5	0.9
	FIRST MTG IN	O-FMTGS	8495	-6.81	0.00	JAN	0.27 ↓	0.31	0.0	24.0	1.1	0.0	NEG.	-3.9	2.6
VJ	GRT AMER MI	O-GAA	4456	-11.34	0.00	JAN	0.00	0.31	0.0	0.0	0.0	0.0	NEG.	0.0	1.4
	GUARDIAN MI	N-GMI	3000	-10.37	0.00	FEB	0.00 ←	0.38	22.6	-72.4	0.0	0.0	NEG.	0.0	1.1
	HAMILTON INV	O-HAMTS	2095	5.82	0.00	MAR	0.00	1.00	13.6	-33.2	0.0	0.0	-82.7	0.0	2.1
	INSTITUTNAL	N-INV	6074	6.58	0.00	APR	0.00	1.38	22.1	-26.5	0.0	0.0	-78.9	0.0	8.4
	MISSION INV	A-MIT	1812	4.94	0.00	FEB	0.00	1.38	-7.9	-15.2	0.0	0.0	-72.0	0.0	2.5
	MTG INV WASH	O-MINVS	2146	6.90	0.00	DEC	0.00	2.63	50.3	5.2	0.0	0.0	-61.8	0.0	5.6
	NATIONAL MTG	O-NMF	2353	-0.01	0.00	NOV	0.00	0.41	7.9	115.8	0.0	0.0	NEG.	0.0	1.0
	REPUBLIC MI	N-RMI	2107	5.20	0.00	MAR	0.00	1.63	8.7	-18.4	0.0	0.0	-68.6	0.0	3.4
	TEXAS 1ST MT	O-TFMRS	1055	8.10	0.00	MAR	0.17	2.25	-5.4	-9.9	13.2	0.0	-72.1	2.1	2.4
	TIERCO	O-GSR	1161	3.77	0.00	MAR	0.00	0.88	0.0	175.0	0.0	0.0	-76.6	0.0	1.0
	UMET TRUST	N-UAT	2109	3.11	0.00	FEB	0.00	1.38	-15.2	-38.6	0.0	0.0	-55.5	0.0	2.9
	WESTERN MI	O-WMTGS	1002	6.76	0.00	NOV	0.00	2.63	0.0	61.3	0.0	0.0	-61.0	0.0	2.6
GROUP AVERAGE		3721	-0.30	0.00			0.42	1.06	3.3	-6.3	2.5	0.0	-440.2	-135.5	44.6
SHORT-TERM MTG-COMCL BANK															
	AMER FLETCHR	A-AFM	1352	-0.49	0.00	APR	0.00	0.88	-22.0	-53.1	0.0	0.0	NEG.	0.0	1.2
	BARNETT MTG	O-BMT	2174	-7.31	0.00	MAR	0.00 ←	0.38	-13.5	-23.9	0.0	0.0	NEG.	0.0	0.8
	CAMERON-BRN	N-CB	2016	8.37	0.00	MAR	0.00	1.88	7.4	7.4	0.0	0.0	-77.4	0.0	3.8
	CHASE MAN MT	N-CMR	4886	-12.98	0.00	FEB	0.00	2.13	-5.2	-31.8	0.0	0.0	NEG.	0.0	10.4
	CITINATL DEV	O-CITI6	600	13.23	0.00	SEP	0.00	4.25	17.1	47.6	0.0	0.0	-67.8	0.0	2.6
	CITIZENS MI	O-CZM	1421	-13.27	0.00	MAR	0.00	0.25	-34.1	-26.4	0.0	0.0	NEG.	0.0	0.4
	CITZNS&SO RL	N-CZS	3829	-6.07	0.00	MAR	2.63	0.38	-23.9	-79.7	0.1	0.0	NEG.	-43.2	1.5
	CONT ILL RLY	N-CIR	2797	0.19	0.00	MAR	0.00	2.25	0.0	0.0	0.0	0.0	1084.2	0.0	6.3
	FST COMMERCE	O-FCRNS	1008	11.94	0.00	MAR	0.00	5.25	-4.4	23.5	0.0	0.0	-55.9	0.0	5.3
	FST DENVR MI	O-FDENS	1621	1.06	0.00	DEC	0.00	1.50	32.7	100.0	0.0	0.0	41.5	0.0	2.4
	FST PENN MT	N-FPM	2961	7.05	0.00	APR	0.00	1.63	-13.2	-40.6	0.0	0.0	-76.8	0.0	4.8
	FST WISCN MT	O-FWM	1910	5.76	0.00	MAR	0.00 ↓	2.13	-28.9	42.0	0.0	0.0	-62.9	0.0	4.1
	INDEPEND MTG	O-INTGS	2500	-4.01	0.00	MAR	0.00	0.25	0.0	-34.1	0.0	0.0	NEG.	0.0	0.6
	MARYLAND RLY	O-MDRTS	760	8.11	0.00	MAY	0.20 ↑	2.63	-8.6	23.5	13.1	0.0	-67.5	2.5	2.0
	TRI-SOUTH MI	N-TSI	2260	2.66	0.00	MAR	0.00	1.50	-20.1	8.7	0.0	0.0	-43.5	0.0	3.4
	WACHOVIA RLY	N-WRI	3335	10.74	0.00	MAY	0.00	3.50	-6.6	-15.2	0.0	0.0	-67.3	0.0	11.7
GROUP AVERAGE		2214	1.56	0.00			0.18	1.92	-5.5	-3.3	10.8	0.0	23.3	11.3	61.9
SHORT-TERM-MSC FINCL															
	AMER CENTURY	N-ACT	2607	5.77	0.00	MAR	0.00	2.13	-10.4	-5.2	0.0	0.0	-63.0	0.0	5.6
	BENEF STD MI	N-BSM	1355	1.53	0.00	APR	0.00 ←	1.88	0.0	-11.6	0.0	0.0	22.9	0.0	2.5
	CI MTG GROUP	N-CI	4812	-0.60	0.00	APR	0.00 ↓	0.44	-30.1	-55.9	0.0	0.0	NEG.	0.0	2.1
	HANOVER SQ R	A-HSQ	946	10.85	0.00	FEB	0.02	4.38	16.8	-12.3	219.0	0.0	-59.5	0.2	4.1
	IDS RLTY TR	N-IDR	2409	-16.94	0.00	APR	0.00 ←	1.00	163.2	58.7	0.0	0.0	NEG.	0.0	2.4
	LMI INVSTORS	O-LWN	2009	3.39	0.00	MAR	0.00	0.63	-28.3	-21.2	0.0	0.0	-81.3	0.0	1.3
	MTG TRUST AM	N-MT	3860	12.23	0.00	MAY	0.00 ←	3.75	-6.2	-18.9	0.0	0.0	-69.2	0.0	14.5
	NATIONWID RE	O-NRELS	1047	24.05	0.12	MAR	0.12	6.50X	4.5	6.0	54.1	1.8	-72.9	0.5	6.8
GROUP AVERAGE		2380	5.04	0.02			0.02	2.59	2.9	-8.1	142.8	0.6	-48.5	0.3	39.7
INTERMEDIATE-TERM MORTGAGES															
	BARNET-WINST	O-BWITS	1663	-0.35	0.00	MAR	0.00	0.38	0.0	0.0	0.0	0.0	NEG.	0.0	0.6
	DIVERSIFD MI	N-DMG	7327	5.51	0.00	MAR	0.00	0.94	-5.9	-37.2	0.0	0.0	-82.8	0.0	6.9
	FST NEWPORT	O-FNRIS	2339	3.73	0.00	APR	3.30 ↑	0.88	-22.0	-11.9	0.2	0.0	-76.3	88.5	2.1
	FST VIRGINIA	O-FVM	1208	2.04	0.00	DEC	0.00	0.88	-11.9	120.0	0.0	0.0	-56.8	0.0	1.1
	RLTY REFUND	A-RRF	1309	18.59	2.40	APR	2.40	20.13X	1.7	2.5	8.3	11.9	8.3	12.9	26.4
	SECURITY MT	A-SMO	6487	5.90	0.00	MAR	0.00	2.25	-5.4	-9.9	0.0	0.0	-61.8	0.0	14.6
GROUP AVERAGE		3388	5.90	0.40			0.95	4.24	-0.7	0.2	4.4	9.4	-28.0	16.1	51.8
LONG-TERM MTG & EQUITIES															
	ATLANTA NATL	O-ATNAS	1260	9.94	0.00	FEB	0.00	3.38	8.0	125.3	0.0	0.0	-65.9	0.0	4.3
	BT MTG INVTR	N-BTM	2116	-2.70	0.00	MAR	0.00	1.75	-17.7	-29.9	0.0	0.0	NEG.	0.0	3.7
	CLEVETRST RL	O-CTRIS	2525	10.71	0.00	MAR	0.00	3.63	-3.1	38.0	0.0	0.0	-66.0	0.0	9.2
	CON GEN M&R#	N-CGM	5715	19.18	1.60	MAR	1.72 ↑	19.50	1.3	1.3	11.3	8.2	1.7	9.0	111.4
	COUSINS M&EQ	N-CUZ	3854	0.88	0.00	FEB	0.00	1.25	-9.3	-37.4	0.0	0.0	42.0	0.0	4.8
	EQUIT LF MTG	N-EQ	5628	23.71	2.20	APR	2.36	25.13	-0.9	-4.6	10.6	8.8	6.0	10.0	141.4
	FIDELCO GROW	A-FGI	1580	10.60	0.00	FEB	0.00	1.63	-6.8	-34.7	0.0	0.0	-84.5	0.0	2.6
	FST MEMPHIS	O-FMEMS	1156	4.13	0.00	FEB	0.00	2.00	0.0	22.7	0.0	0.0	-51.5	0.0	2.3
	GULF MTG&RLY	N-GMR	2210	4.17	0.00	FEB	0.00	2.50	-4.8	11.1	0.0	0.0	-39.9	0.0	5.5
	HNC MTG&RLY	O-HNCMS	2388	4.01	0.00	APR	0.08	0.75	-20.1	-24.9	9.3	0.0	-81.2	2.0	1.8
	HOSPITAL MTG	A-HMG	1178	22.90	0.60	FEB	0.16	8.38	-4.1	26.4	52.3	7.2	-63.3	0.7	9.9
	MASSMUT MTG	N-MML	4670	19.43	1.20 ↑	APR	1.20 ↑	13.25X	-1.4	-6.1	11.0	9.1	-31.7	6.2	61.9
	MONY MTG INV	N-MYM	8856	9.92	0.92 ←	MAY	0.78 ↓	11.00	3.5	-4.2	14.1	8.4	10.9	7.9	97.4
	MTG GROWTH I	A-MTG	2652	10.81	0.48 ←	MAY	0.20 ↓	5.88	-1.9	6.9	29.4	8.2	-45.5	1.9	15.6
	NOWSTRN FINC	O-NFINS	1510	14.31	0.00	MAR	1.00	3.75	0.0	36.4	3.7	0.0	-73.7	7.0	5.7
	NOWSTRN MUTL	N-NML	4758	19.03	1.00	MAR	0.88	12.75	3.0	-4.6	14.4	7.8	-32.9	4.6	60.7
	PACIFIC STHN	O-PSMTS	814	11.86	0.60	DEC	0.68	6.75	-1.8	19.9	9.9	8.9	-43.0	5.7	5.5
	PNB MTG&RL#	N-PNI	2437	18.55	0.48	MAR	0.68	8.25	-2.8	-10.7	12.1	5.8	-55.4	3.7	20.1
	RAM PACIFIC	O-RPACS	1890	18.05	1.12 ←	MAY	1.08 ↑	10.88	-9.2	4.8	10.0	10.3	-39.6	6.0	20.6
	STATE MUTUAL	N-SMU	2786	-1.64	0.00	MAR	0.00	1.88	-11.6	36.2	0.0	0.0	NEG.	0.0	5.2
	UNITED RLTY	A-URT	3610	17.58	0.76 ↑	MAY	0.76 ↑	8.88	-2.6	4.5	11.6	8.6	-49.4	4.3	32.1
GROUP AVERAGE		3028	11.69	0.52			0.55	7.29	-1.7	1.7	13.2	7.2	-37.5	4.7	622.6

## HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

**Annualized Dividend and Yield:** Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

**Annualized Earnings and Price/Earnings Ratio:** For mortgage trusts, latest quarter earnings are multiplied by four. Zeros indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "\$" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "\*". Cash flow derived from amortization of debt discount is denoted by "@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CPS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

**Shares:** The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in RELATIVE APPEAL RANKINGS. Equity and combination groups include Equity trusts with over 80% of invested assets in direct ownership of completed income producing properties; Equity & Mortgage combination which balance investments between equity ownership and mortgages; and Subordinated Land trusts, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and long-term for those with loans maturing in over 10 years, and generally with some equity investments.

## CONVERTIBLE DEBENTURES

DEBENTURE	EX	MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG
AMER CENTURY	AS	'90	7.00	21.00	62.13	11.3	-0.3
AMER CENTY'B	NY	'91	6.75	28.00	62.00	10.9	1.4
AMER REALTY	OC	'84	7.00	10.40	35.00	20.0	16.7
BAIRD&WARNER	OC	'91	6.75	21.00	64.00	10.5	-2.9
BANKAMERICA	OC	'90	6.75	21.00	84.00	8.0	-4.4
BENEF STD MI	AS	'91	6.50	27.75	46.25	14.1	2.8
CAPITAL MTG	OC	'91	6.50	33.00	39.00	16.7	-4.8
CHASE MANHTN	NY	'96	6.50	55.00	52.13	12.5	2.2
COLWELL MTG	OC	'91	6.50	29.38	20.00	32.5	-23.0
CONN GENERAL	NY	'96	6.00	32.50	71.50	8.4	-3.3
CONNTL MTG	OC	'90	6.25	19.79	7.00	VJ	-6.6
EQUITBL LF M	NY	'90	6.75	26.25	93.25	7.2	-0.0
FIDELITY MI	OC	'85	7.75	21.25	8.00	VJ	0.0
FIRST PENN M	OC	'91	6.75	26.00	50.00	13.5	0.0
FIRST UNION	NY	'91	7.00	13.00	93.00	7.5	2.2
FRANKLIN RLY	AS	'89	7.00	10.00	73.13	9.6	-0.1
FST NEWPORT	OC	'91	6.75	27.50	31.00	21.8	0.0
GRT AMER MI	OC	'91	7.00	35.50	7.00	VJ	-12.4
HANOVER SQ R	AS	'92	7.25	21.00	70.00	10.4	4.5
HEITMAN MTG	AS	'92	7.50	14.70	60.25	12.4	1.7
HNC MTG	OC	'91	6.75	21.00	47.00	14.4	-2.0
HOTEL INVSTR	OC	'90	7.75	21.00	76.00	10.2	-4.9
HOTEL INVTRS	OC	'91	7.50	25.25	73.00	10.3	0.0
LINCOLN MTG	OC	'90	8.00	11.00	40.00	20.0	0.0
MASSMUTL MTG	NY	'90	6.75	21.00	82.00	8.2	0.0
MASSMUTUAL M	NY	'91	6.25	33.50	76.00	8.2	1.3
MIDLAND MTG	OC	'86	7.00	16.67	34.00	20.6	-14.9
MONY MTG IN	NY	'90	7.00	11.00	96.25	7.3	1.3
MTG INV WASH	OC	'90	8.00	15.00	50.00	16.0	-15.2
NATIONAL MTG	OC	'91	7.00	12.00	6.00	116.7	0.0
NJB PRIME	OC	'91	6.75	21.00	23.00	29.3	-11.4
NOWSTRN MUTL	NY	'91	6.00	21.00	75.00	8.0	0.0
RAM PACIFIC	OC	'91	6.75	21.00	75.00	9.0	-0.6
REALTY INCOM	AS	'91	8.00	18.00	83.00	9.6	1.2
REPUBLIC MI	NY	'90	9.00	19.00	80.63	11.2	-1.3
SAUL (BF) RL	OC	'91	6.50	23.00	58.50	11.1	-4.0
SAUL (BF) REI	OC	'90	8.00	15.50	68.00	11.8	-5.5
STATE MUTUAL	OC	'91	6.75	21.00	43.00	15.7	2.4
SUTRO MIT	NY	'82	6.75	20.00	84.00	8.0	3.7
SUTRO MTG	AS	'91	6.75	20.00	71.00	9.5	1.4
TRI-SOUTH MI	NY	'92	7.00	29.50	33.00	21.2	-0.7
US BANCORP	AS	'92	7.00	26.25	72.00	9.7	0.0
US REALTY IN	NY	'89	5.75	20.20	57.88	9.9	1.5

## WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.06	2.13	982.6	0.0	0.1
ATICO MTG IN	A-ACOW	12/79	563	15.00	1.0	0.38	1.88	718.1	0.0	0.2
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.13	2.25	794.7	1200.0	0.2
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.31	1.88	980.3	24.0	0.2
BRT RLTY TR	A-BRTW	11/77	1400	10.00	1.0	0.03	0.69	1353.6	0.0	0.0
CAPITAL MTG	O-CMORW	11/79	471	20.00	1.0	0.03	0.88	2176.1	200.0	0.0
FIRST UNION	O-FUREW	12/77	600	12.75	1.0	0.25	12.25	6.1	0.0	0.2
FLATLEY RLTY	O-FLTLW	5/78	1000	10.00	1.0	0.06	3.00	235.3	0.0	0.1
JMB REALTY	O-JMBRW	8/77	510	20.00	1.0	0.38	14.50	40.6	0.0	0.2
M&T MTG INV	O-MIMIZ	8/80	747	13.00	1.0	0.25	9.50	39.5	0.0	0.2
MISSION INV	A-MITW	12/77	604	16.50	1.0	0.02	1.38	1097.1	0.0	0.0
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.19	2.63	477.6	0.0	0.2
NATIONWID RE	O-NRELW	1/81	652	32.00	1.0	0.10	6.50	393.8	0.0	0.1
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.19	3.63	762.8	46.2	0.1
NOWSTRN FINC	O-NFINW	1/78	1510	18.06	1.1	0.03	3.75	382.3	0.0	0.0
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.06	8.25	143.2	0.0	0.1
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.13	1.63	1135.0	0.0	0.1
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.56	11.88	115.2	-40.3	0.8
SECURITY MT*	A-SHOW	5/79	3117	16.00	1.0	0.16	2.25	618.2	-15.7	0.5
SUTRO MIT(B)	A-SUTW	6/82	700	20.00	1.0	0.38	7.00	191.1	0.0	0.3
SUTRO MTG IN	O-SUTR5	4/78	299	22.00	1.0	0.06	7.00	215.1	0.0	0.0
UNITED RLTY	A-URTW	12/79	3610	20.00	1.0	0.25	8.88	128.0	-19.3	0.9

SUTRO "B": AFTER 6/1/77, EXERCISE PRICE \$22 TO 6/1/82 EXPIRATION.

\*DEBENTURES USABLE IN LIEU OF CASH.

CITIZENS & SOUTHERN REALTY 300,000 warrants at 80% of market price 30 days prior to 10/15/77. Priced \$2.75 bid and shares 50c bid. 6 3/4% debentures usable at par.



## INSTITUTIONAL HOLDINGS OF REITS

By percent of shares out: (General institutions + REIT funds) = Total

Over 10%		5% to 10%		2% to 5%	
Barnes Mtg. (6.5+5.7)	12.2%	Atlanta Nat.(7.8+ 0)	7.8%	Amer. Fletch..(3.3+ 0)	3.3%
Cit.&So. RL.(11.1+0)	11.1	BT Mtg....(4.3+1.4)	5.7	Baird & War..(2.1+0.9)	3.0
Conn.Gen..(34.8+2.8)	37.6	BankAmer.RL..(5.9+0)	5.9	Benef. Std..(3.4+0)	3.4
Cont.Ill.Pr.(20.5+1.7)	22.2	C.I. Rlty..(5.1+1.5)	6.6	Fidelco Grow(4.5+ 0)	4.5
Cont.Ill.RL.(9.0+3.2)	12.2	CleveTrust.(5.1+ 0)	5.1	First Memphis(2.4+ 0)	2.4
Equit. Lf.(36.5+2.1)	38.6	Heitman Mtg.(6.9+1.5)	8.4	First Union (3.2+0.7)	3.9
FirstComm.(16.1+6.0)	22.1	Justice MI.(3.9+3.8)	7.7	Franklin RL.(2.3+ 0)	2.3
Hanover Sq(16.5+11.6)	28.1	ICM Rlty.(5.7+ 0)	5.7#	Guardian MI(2.4+ 0)	2.4
Inst. Inv.(42.0+ 0)	42.0	Mtg.Grow.(5.7+1.2)	6.9	HNC Mtg.(0 + 4.2)	4.2
Lomas&Net.(23.2+ 0)	23.2	NJB Prime(0 + 7.2)	7.2*	Hotel Inv.(0 +4.6)	4.6
MassMut.M(22.2+1.6)	23.8	No.Amer.MI(7.2+ 0)	7.2	Independ.MI(0 +3.6)	3.6*
MONY Mtg.(23.5+2.9)	26.4	REIT Amer.(9.5+ 0)	9.5	Mission Inv.(1.9+1.8)	3.7
NW Mut.Lf.(22.9+ 0)	22.9	Saul REIT (7.1+ 0)	7.1	Mtg.Tr.Amer.(1.5+1.5)	3.0
PNB Mtg.(14.1+7.4)	21.5	State Mut.(6.1+3.6)	9.7	Penn. REIT..(4.0+0.9)	4.9
Prop.Cap.(35.3+ 0)	35.3	TMC Mtg..(0 +6.9)	6.9*	Rlty. Income(4.0+ 0)	4.0
SecurityMI(11.7+1.3)	13.0	Texas Fir.(0 +6.6)	6.6	RAMPAC..(4.8+ 0)	4.8
		UMET Trust (5.2+1.7)	6.9	U.S.Bantrust(3.0+ 0)	3.0
		United Rlty.(3.4+1.9)	5.3	Wisconsin REIT (2.3+ 0)	2.3
		Walter Rlty.(0 +5.0)	5.0*		

#Excludes approx. 50% placed privately with institutions apparently not covered.

\*Holdings of one REIT fund (CL Assets) now believed illiquid.

are still held for "exercise of outstanding warrants" (exercisable at \$24 through Jan. 31, 1978) while shares now trade at 1-3/4.

Institutional holdings of REITs have also shown a quantum jump during the past year, although we cannot give you a precise percentage gain in the last year. To find out what institutions are doing, we tallied holdings reported by Standard & Poor's Corp. and found that institutions now own 19.5 million shares in 75 different REITs, or 9.1% of these trusts. A year earlier S&P had reported institutions holding only 7.1 million REIT shares.

But during the year S&P added 400 banks to its coverage of investment companies and fire, casualty and life insurance companies, bringing coverage to 2,400 institutional investors. Since our experience indicates that bank trust departments have been major REIT investors, we are unable to put any specific percentage change on fund holdings. But spot checks of individual trusts indicate that the past year has seen significant accumulation of trust shares; i.e., the institutions aren't sitting with high-priced stock waiting to sell on the first rally.

This tally discloses that institutional holdings are now substantial (over 5%) in 35 trusts and significant (2%-5%) in another 18. Since most institutions generally buy and sell only stocks with liquid markets, some smaller trusts with inactive markets are not candidates for institutional buying. And in some instances institutions took private placement stock many years ago and accepted illiquidity. Still the rollcall of institutional holdings is instructive for investors and we print above all trusts with over 2% of shares held by institutions. We have shown in parentheses the holdings of the three REIT funds (CL Assets, S-G Securities and RET Income Fund) which generally invest a minimum 25% of assets in REITs. Because of this commitment to REITs, the trend of their aggregate holdings is less significant to investors than the actions of larger funds.

## FIRST WISCONSIN MTG. SEEKS TO PAY BANK INTEREST WITH SHARES IN 10-YEAR WORKOUT

Dimensions of the lengthy workouts facing troubled mortgage trusts are now being put on public record. First Wisconsin Mtg. Trust has just published a 10-year projection showing it will take that long to recover and get free of obligations to its lending banks--if a 1% interest rate can be kept. To ease future cash drain, FWMT proposes to pay off with new shares all its contingent interest over 1%.

Specifically, holders are being asked to approve issuing up to 33% more new Equity Shares which banks would have the option of taking in payment of an estimated \$5.5 million additional interest which it calculates would otherwise be payable to banks out of future earnings through 1986. The new Equity Shares would be non-voting but have all other characteristics of regular shares and would be convertible into regular shares after Dec. 31, 1986.

FWMT's proxy for the vote includes a year-by-year projection of operating results for the next 10 years, showing that the trust would earn \$613,000 net in the decade after paying \$5.5 million additional contingent interest. Book value would be \$6.08/sh. at the end of 1986. The trust then uses this estimated book value as basis for letting banks, if they choose, convert this \$5.5 million estimated additional interest into a maximum 636,667 shares, subject to a limit that banks could own no more than 25% of resulting shares. If all interest converts, book value would rise to \$6.71/sh. in 1986. FWMT projects repaying all bank debt by 1981, including converting \$32 million into interim standing loans on foreclosed properties after they reach a 10% return. If all banks accept the shares, FWMT could turn profitable by about 19¢/sh. in 1977, according to the projections. But FWMT's problems are deep and there's no certainty of such quick recovery. It's still too early to buy except as a high-risk speculation.

## INVESTMENT OUTLOOK: DIVIDEND PAYERS GENERALLY RESIST DOWNTURN AND PRIME RATE RISE

Investors continue their preference for dividends and solid operating records. The  $\frac{1}{2}\%$  prime rate rise to 6-3/4% in the month was a market drag, even though Morgan Guaranty Trust and others have moved down to a  $6\frac{1}{2}\%$  prime. While higher interest rates could choke off real estate's recovery, trusts with good records have been strong in the market as investors have confidence in their continued profitability. General Growth Properties rose 1 to a new 1977 high in the month. Cont. Illinois Prop. and Hubbard REI were also strong in the group and Pennsylvania REIT rebounded a sharp 1-3/4 after our review a month ago. Three of the Big Five insurance sponsored trusts--ConnGen, MONY Mtg. and Northwestern Mutual Life--were up while Equitable Life Mtg. and MassMutual Mtg. slipped  $\frac{1}{4}$  and  $\frac{1}{2}$  respectively. PNB Mtg. was weak, off  $\frac{1}{2}$ , in apparent reaction to investor impatience with slowness of the recovery.

The equity trust group has now risen 7.4% since Jan. 1, vs. an 8.0% decline in the Dow-Jones Industrials, a startling price divergence that becomes even larger when higher REIT dividends are added back. Equity and mortgage combination trusts are also diverging with a 15.0% rise since Jan. 1, including last month's 1.7% gain. Good performers included Walter Realty, up 33%, and Plaza Realty, up 28%. Among non-dividend payers, Justice Mtg. and Colwell Mtg. fell 79% and 53% respectively as delicate negotiations with creditors dragged on. Midland Mtg. was off 25% to 1-1/8 as it asked banks to waive a \$3 million equity requirement for June 30. But Mtg. Inv. of Washington and First of Denver Mtg. were ahead by 50% and 33% respectively.

## Monthly tally of nonearning assets:

Group	Number	---Invested assets---		%	Month %
		Non-earning	Total		
Short-term mortgage....	59	\$6,716M	\$8,819	76%	-0.9%
Inter. & long-term mtg.	27	1,648	3,793	43	+0.7
Equity & combination...	45	907	3,377	27	-0.5
TOTALS/AVERAGES...	131	\$9,271	\$15,989	58%	-0.6%